

an extra session of Congress: but in consequence of a disagreement between the two Houses, neither then, nor at any subsequent period, has there been any legislation on the subject. The effort made at the last session to obtain the authority of Congress to punish the use of the public money for private purposes as a crime, a measure attended under other Governments with signal advantage, was also unsuccessful, from diversities of opinion in that body, notwithstanding the anxiety doubtless felt by it to afford every practicable security. The result of this is still to leave the custody of the public money without those safeguards which have been for several years earnestly desired by the Executive; and as the remedy is only to be found in the action of the Legislature, it imposes on me the duty of again submitting to you the propriety of passing a law, providing for the safe keeping of the public moneys, and especially to ask that its use for private purposes by any officers entrusted with it, may be declared to be a felony, punishable with penalties proportioned to the magnitude of the offence.

These circumstances, added to known defects in the existing laws, and unusual derangements in the general operations of trade, have, during the last three years, much increased the difficulties attendant on the collection, keeping, and disbursement of the revenue, and called forth corresponding exertions from those having them in charge. Happily these have been successful beyond expectation. Vast sums have been collected and disbursed by the several Departments with unexpected cheapness and ease; transfers have been readily made to every part of the Union, however distant; and defalcations have been far less than might have been anticipated, from the absence of adequate legal restraints. Since the officers of the Treasury and Post Office Departments were charged with the custody of most of the public moneys received by them, there have been collected sixty millions of dollars, and, excluding the case of the late collector at New York, the aggregate amount of losses sustained in the collection cannot, it is believed, exceed sixty thousand dollars. The defalcation of the late collector at that city, of the extent and circumstances of which Congress has been fully informed, ran through all the modes of keeping the public money that have been hitherto in use, and was distinguished by an aggravated disregard of duty, that broke through the restraints of every system, and cannot, therefore, be usefully referred to as a test of the comparative safety of either. Additional information will also be furnished by the report of the Secretary of the Treasury, in reply to a call made upon that officer by the House of Representatives at the last session, requiring detailed information on the subject of defaults by public officers or agents under each administration, from 1789 to 1837. This document will be submitted to you in a few days. The general result, (independent of the Post Office which is kept separately, and will be stated by itself,) so far as they bear upon this subject, are, that the losses which have been, and are likely to be, sustained, by any class of agents, have been—the greatest by banks, including, as required in the resolution, their depreciated paper received for public dues; that the next largest have been by disbursing officers, and the least by collectors and receivers. If the losses on duty bonds are included, they alone will be exceeded by both collectors and receivers. Our whole experience, therefore, furnishes the strongest evidence that the desired legislation of Congress is alone wanting to insure in those operations the highest degree of security and facility.—Such also appears to have been the experience of other nations. From the results of inquiries made by the Secretary of the Treasury in regard to the practice among them, I am enabled to state that in twenty seven foreign Governments, from which undoubted information has been obtained, the public moneys are kept in charge of public officers.

In the modes of business and official restraints on disbursing officers, no legal change was produced by the suspension of specie payments. The report last referred to will be found to contain also much useful information in relation to this subject. I have heretofore assigned to Congress my reasons for believing that the establishment of an Independent National Treasury, as contemplated by the Constitution, is necessary to the safe action of the Federal Government. The suspension of specie payments in 1837, by the banks having the custody of the public money, showed in so alarming a degree our dependence on those institutions for the performance of duties required by law, that I then recommended the entire dissolution of that connection. This recommendation has been subjected, as I desired it should be, to severe scrutiny and animated discussion; and I allow myself to believe that, notwithstanding the natural diversities of opinion which may be anticipated on all subjects involving such important considerations, it has secured in its favor as general a concurrence of public sentiment as could be expected on one of such magnitude.

Recent events have also continued to develop new objections to such a connection. Scarcely is any bank, under the existing system and practice, able to meet demand, all its liabilities for deposits and notes in circulation. It maintains specie payments, and transacts a profitable business, only by the confidence of the public in its solvency; and whenever this is destroyed, the demands of its depositors and note holders—pressed more rapidly than it can make collections from its debtors—force it to stop payment. This loss of confidence with its consequences occurred in 1837, and afforded the apology of the banks for their suspension. The public then acquiesced in the validity of the excuse; & while the State Legislatures did not exact from them their forfeited charters, Congress, in accordance with the recommendation of the Executive, allowed them time to pay over the public money they held, although compelled to issue Treasury notes to supply the deficiency thus created.

It now appears that there are other motives than a want of public confidence under which the banks seek to justify them-

selves in a refusal to meet their obligations. Scarcely were the country and government relieved, in a degree, from the difficulties occasioned by the general suspension of 1837, when a partial one, occurring within thirty months of the former, produced new and serious embarrassments, though it had no palliation in such circumstances as were alleged in justification of that which had previously taken place.—There was nothing in the condition of the country to enlarge a well managed banking institution; commerce was deranged by no foreign war; every branch of manufacturing industry was crowned with rich rewards; and the more than usual abundance of our harvests, after supplying our domestic wants, had left our granaries and store houses filled with a surplus for exportation. It is in the midst of this that an irredeemable and depreciated paper currency is entailed upon the people by a large portion of the banks. They are not driven to it by the exhibition of a loss of public confidence, or of a sudden pressure from their depositors and noteholders, but they excuse themselves by alleging that the current of business, and exchange with foreign countries, which draws the precious metals from their vaults, would require, in order to meet it, a larger curtailment of their loans to a comparatively small portion of the community, than it will be convenient for them to bear, or perhaps safe for the banks to exact. The plea has passed to be one of necessity. Convenience and policy are now deemed sufficient to warrant these institutions in disregarding their solemn obligations. Such conduct is not merely an injury to individual creditors, but it is a wrong to the whole community, from whose liberality they hold most valuable privileges—whose rights they violate, whose business they derange, and the value of whose property they render unstable and insecure. It must be evident that this new ground for bank suspension, in reference to which their action is not only disconnected with, but wholly independent of, that of the public, gives a character to their suspensions more alarming than any which they exhibited before, and greatly increases the impropriety of relying on the banks in the transactions of the government.

A large and highly respectable portion of our banking institutions are, it affords me unfeigned pleasure to state, exempted from all blame on account of this second delinquency. They have, to their great credit, not only continued to meet their engagements, but have even repudiated the grounds of suspension now resorted to. It is only by such a course that the confidence and good will of the community can be preserved, and, in the sequel, the best interests of the institutions themselves promoted.

New dangers to the banks are also daily disclosed from the extension of that system of extravagant credit which they are the pillars. Formerly our foreign commerce was principally founded on an exchange of commodities, including the precious metals, and leaving in its transactions but little foreign debt. Such is not now the case. Aided by the facilities afforded by the banks, mere credit has become too commonly the basis of trade. Many of the banks themselves, not content with largely stimulating this system among others, have usurped the business, while they become borrowers instead of lenders; they establish their agencies abroad; they deal largely in stocks and merchandize; they encourage the issue of State securities until the foreign market is glutted with them; and, unsatisfied with the legitimate use of their own capital and the exercise of their lawful privileges, the raise, by large loans, additional means for every variety of speculation. The disasters attendant on this deviation from the former course of business in this country, are now shared alike by banks and individuals, to an extent of which there is perhaps no previous example in the annals of our country. So long as a willingness of the foreign lender, and a sufficient export of our productions to meet any necessary partial payments, leave the flow of credit undisturbed, all appears to be prosperous; but as soon as it is checked by any hesitation abroad, or by an inability to make payment there in our productions, the evils of the system are disclosed. The paper currency which might serve for domestic purposes, to pay the debt due in Europe. Gold and silver are therefore drawn, in exchange for their notes, from the banks. To keep up their supply of coin, these institutions are obliged to call upon their own debtors, who pay them principally in their own notes, which are as unavailable to them as they are to the merchants to meet the foreign demand. The calls of the banks, therefore, in such emergencies, of necessity, exceed that demand, and produce a corresponding curtailment of their accommodations and of the currency, at the very moment when the state of trade renders it most inconvenient to be borne. The intensity of this pressure on the community is in proportion to the previous liberality of credit and consequent expansion of the currency; forced sales of property are made at the time when the means of purchasing are most reduced, and the worst calamities to individuals are only at last arrested, by an open violation of their obligations by the banks, a refusal to pay specie for their notes, and an imposition upon the community of a fluctuating and depreciated currency.

These consequences are inherent in the present system. They are not influenced by the banks being large or small, created by National or State Governments.—They are the results of the irresistible laws of trade and credit. In the recent events which have so strikingly illustrated the certain effects of these laws, we have seen the bank of the largest capital in the Union established under a National charter, and late strengthened, as we were authoritatively informed by exchanging that for a State charter, with new and unusual privileges—in a condition too, as it was, said, of entire soundness and great prosperity—not merely unable to resist these effects, but the first to yield to them.

Nor is it to be overlooked that there exists a chain of necessary dependence among these institutions which obliges them, to a great extent, to follow the course of others, notwithstanding its injustice to their own immediate creditors, or injury to the particular community in which they are placed. This dependence of a bank,

which is in proportion to the extent of its debts for circulation and deposits, is not merely on others in its own vicinity, but on all those who connect it with the centre of trade. Distant banks may fail, without seriously affecting those in our principal commercial cities; but the failure of the latter is felt at the extremities of the Union. The suspension at New York, in 1737, was every where, with very few exceptions, followed, at soon as it was known; that recently at Philadelphia immediately affected the banks of the South and West in a similar manner. This dependence of our whole banking system on the institutions in a few large cities, is not found in the laws of their organization, but in those of trade and exchange. The banks at that centre to which currency flows, and where it is received in payments for merchandize, hold the power of controlling those in regions where it comes, while the latter possess no means of restraining them; so that the value of individual property, and the prosperity of trade, through the whole interior of the country, are made to depend on the good or bad management of the banking institutions in the great seats of trade on the seaboard.

But the chain of this dependence does not stop here. It does not terminate at Philadelphia or New York. It reaches across the ocean and ends in London, the centre of the credit system. The same laws of trade which give to the banks in our principal cities power over the whole banking system of the United States, subject the former, in their turn, to the money power in Great Britain. It is not deemed that the suspension of the N. York banks in 1837, which was followed in quick succession throughout the Union, produced by an application of that power; and it is now alleged in extenuation of the present condition of so large a portion of our banks that their embarrassments have arisen from the same cause.

From this influence they cannot now entirely escape, for it has its origin in the credit currencies of the two countries, it is strengthened by the current of trade and exchange, which centres in London, and is rendered almost irresistible by the large debts contracted there by our merchants, our banks, and our States. It is thus, that an introduction of a new bank into the most distant of our villages, places the business of that village within the influence of the money power in England. It is thus that every new debt which we contract in that country, seriously affects our currency, and extends over the pursuits of our citizens its powerful influence. We cannot escape from this by making new banks, great or small, State or National. The same chains which bind those now existing to the centre of this system of paper credit, most equally fetter every similar institution we create. It is only by the extent to which this system has been pushed of late, that we have been made fully aware of its irresistible tendency to subject our own banks and currency to a vast controlling power in a foreign land, and it adds a new argument to those which illustrate their precarious situation.

Endangered, in the first place, by their own mismanagement, and again by the conduct of every institution which connects them with the centre of trade in our own country, they are yet subjected, beyond all this to the effect of whatever measures, policy, necessity, or caprice, may induce those who control the credits of England to resort to. I mean not to comment upon these measures, present or past, and much less, to discourage the prosecution of fair commercial dealing between the two countries, based on reciprocal benefits, but it having now been made manifest that the power of inflicting these and similar injuries is, by the resistless law of a currency and credit trade, equally capable of extending their consequences through all the ramifications of the banking system, and, by that means, indirectly obtaining, particularly when our banks are used as depositories of the public moneys, a dangerous political influence in the U. States, I have deemed it my duty to bring the subject to your notice, and ask for it your serious consideration.

Is an argument required beyond the exposition of these facts, to show the impropriety of using our banking institutions as depositories of the public money? Can we venture not only to encounter the risk of their individual and mutual mismanagement, but, at the same time, to place our foreign and domestic policy entirely under the control of a foreign moneyed interest? To do so is to impair the independence of our Government, as the present credit system has already impaired the independence of our banks. It is to submit all its important operations, whether of peace or war, to be controlled or thwarted at first by our own banks, and then by a power abroad greater than themselves. I cannot bring myself to depict the humiliation to which this Government and people might be sooner or later reduced, if the means for defending their rights are to be made dependent upon those who may have the most powerful motives to impair them.

Nor is it only in reference to the effect of this state of things on the independence of our Government or of our banks, that the subject presents itself for consideration; it is to be viewed also in its relations to the general trade of our country. The time is not long past when a deficiency of foreign crops was thought to afford a profitable market for the surplus of our industry, but now we await with feverish anxiety the news of the English harvest, no so much from motives of commendable sympathy, but fearful lest its anticipated failure should narrow the field of credit there. Does not this speak volumes to the patriot? Can a system be beneficent, wise, or just, which creates greater anxiety for interests dependent on foreign credit than for the general prosperity of our own country, and the profitable exportation of the surplus produce of our labor?

The circumstances to which I have thus adverted appear to me to afford weighty reasons, developed by late events, to be added to those which I have on former occasions offered, when submitting to your better knowledge and discernment the propriety of separating the custody of the public money from banking institutions. Nor has any think occurred to lessen, in my opinion, the force of what has been hitherto urged. The only ground on which that custody can be desired by the banks is the profitable use which they make of the money. Such use would be regarded in individuals, as a breach of trust, or a crime of great magnitude, and yet it may be reasonably

doubted whether, first and last, it is not attended with more mischievous consequences when permitted to the former than to the latter.—The practice of permitting the public money to be loaned to its keepers, as here, is well velt to be peculiarly to this country, and to exist scarcely any where else. To procure their improper influences are appealed to; to wise committees are established between the Government and vast numbers of powerful State institutions; other motives than the public good are brought to bear both on the Executive and Legislative Departments, and selfish combinations leading to special legislation are formed. It is made the interest of banking institutions and their stockholders throughout the Union to use their exertions for the increase of taxation and the accumulation of a surplus revenue; and, while an excuse is afforded, the means are furnished for those excessive issues, which lead to extravagant trading and speculation, and are the forerunners of a vast debt abroad, and a suspension of the banks at home.

I pressed therefore, as I am, with the propriety of the funds of the Government being withdrawn from the private use of either banks or individuals, and the public money kept by duly appointed public agents and believing, as I do that such also is the judgment which decision, reflection, and experience have produced on the public mind, I leave the subject with you. It is at all events, essential to the interests of the community and the business of the Government that a decision should be made.

Most of the arguments that disunite us from employing banks in the custody and disbursement of the public money apply with equal force to the receipt of their notes for public dues. The difference is only in form. In our instance the Government is a creditor for its duties, and in the other for the notes it holds. They afford the same opportunity for using the public moneys, and equally lead to all the evils attendant upon it, since a bank can as safely extend its discounts on a deposit of its notes in the hands of a public officer as on one made in its own vaults. On the other hand, it would give to the Government no greater security, for in case of failure, the claim of the note holder would be no better than that of a depositor.

I am aware that the danger of inconvenience to the public and unreasonable pressure upon sound banks, have been urged as objections to requiring the payment of the revenue in gold and silver. These objections have been gradually exaggerated. From the best estimates we may safely fix the amount of specie in the country at eighty five millions of dollars, and the portion of that which would be employed at any one time in the receipts and disbursements of the Government, even if the proposed change were made at once, would not, it now, after fuller investigation, be believed, exceed four or five millions. If the change were gradual, several years would elapse before that sum would be required with annual opportunities in the mean time to alter the law, should experience prove it to be oppressive or inconvenient. The portions of the community on whose business the change would immediately operate are comparatively small, nor is it believed that its effect would be in the least unjust or injurious to them.

In the payment of duties, which constitute by far the greater portion of the revenue, a very large proportion is derived from foreign commission houses and agents of foreign manufacturers who sell the goods consigned to them, generally, at once, and after paying the duties out of the avails, remit the rest abroad in specie or its equivalent. That the amount of duties should, in such cases, be also retained in specie can hardly be made a matter of complaint. Our own importing merchants, by whom the residue of the duties is paid, are not only peculiarly interested in maintaining a sound currency, which the measure in question will especially promote, but are from the nature of their dealings, best able to know when specie will be needed, and to procure it with the least difficulty or sacrifice. Residing, not almost universally in places where the revenue is received, and where the drafts used by Government for its disbursements must concentrate there every opportunity to obtain and use them in place of specie, should it be for their interest or convenience. Of the number of these drafts and the facilities they may afford as well as of the rapidity with which the public funds are drawn and disbursed, an idea may be formed from the fact that, of nearly twenty millions of dollars paid to collectors and receivers during the present year, the average amount held by him, subject to draft during each week, has been less than half a million.

The ease and safety of the operations of the Treasury in keeping the public money, are promoted by the application of its own drafts to the public dues. The objection arising from having them too long on standing, might be avoided, and they yet may afford to merchants and banks holding them, an equivalent for specie, and in that way greatly lessen the amount actually required. Still less inconvenience will attend the requirement of specie in purchases of public lands. Such purchases, except when made on speculation, are, in general, but single transactions, rarely repeated by the same person; and it is a fact, that for the last year and a half, during which the notes of sound banks have been received, more than a moiety of these payments has been voluntarily made in specie, being a larger proportion than would have been required in three years under the gradations proposed.

It is moreover a principal that which more is better settled by experience, that the supply of the precious metals will always be found adequate to the uses for which they are required. They abound in countries where there is no other currency allowed. In our own States, where small notes are excluded gold and silver occupy their place. When driven to their hiding places by bank suspensions, a little firmness in the community soon restores them to a sufficient quantity for ordinary purposes. Postage and other public dues have been collected in coin, without serious inconvenience, even in States where a depreciated paper currency has existed for years and his, with the aid of Treasury notes for a part of the time, was done without interruption during the suspension of 1837. At the present moment, the receipts and disbursements of the government are made in legal currency in the largest portion of the Union—no one suggests a departure from this rule; and it can now be successfully carried out, it will be surely attended with even less difficulty when bank notes are again released in specie.

I need not think that a serious objection would any where be raised to the receipt and payment of gold and silver in all public transactions, were it not for an apprehension that a surplus in the Treasury might withdraw a large portion of it from circulation and lock it up unprofitably in the public vaults. It would not in my opinion, be difficult to prevent such an inconvenience from occurring; but the authentic statements which I have a ready submitted to you in regard to the actual amount in the public Treasury at any one time during the period embraced in them, and the little probability of a different state of the Treasury for at least some years to come seem to render it unnecessary to dwell upon it. Congress, moreover, as I have before observed, will, in every year have an opportunity to guard against it, should the occurrence of any circumstances lead us to apprehend injury from this source.—Viewing the subject in all its aspects, I cannot believe that any period will be more auspicious than the present for the adoption of all measures necessary to maintain the sanctity of our own engagements and to aid in securing the community that abundant supply of the precious metals which adds so much to their prosperity,

and gives such increased stability to all their dealings. In a country so commercial as ours, banks in some form will probably always exist; but this serves only to render it the more incumbent on us, notwithstanding the discouragements of the past, to strive in our respective stations to mitigate the evils they produce; to take from them as rapidly as the obligations of public faith and a careful consideration of the immediate interests of the community will permit, the unjust character of most of their operations, so far as may be practicable by prudent legislation, to free temptations of interest and those opportunities for dangerous indulgence, which beset them on every side; and to confine them strictly to the performance of their paramount duty, that of aiding the operations of commerce, rather than consulting their own exclusive advantage. These and other salutary restraints may, it is believed, be accomplished without the violation of any of the great principles of the social compact, the observance of which is indispensable to its existence, or interfering in any way with the useful and profitable employment of real capital.

Institutions so framed have existed and still exist elsewhere, giving to commercial intercourse all necessary facilities, without inflating or depreciating the currency, or stimulating speculation. Thus accomplishing their legitimate ends, they have gained the strictest guaranty for their protection and encouragement in the good will of the community. Among a people so just as ours, the same results could not fail to attend a similar course. The direct supervision of the banks belongs, from the nature of our Government, to the States who authorize them. It is to their Legislatures that the people must mainly look for action on that subject. But as the conduct of the Federal Government in the management of the revenue has also a powerful, though less immediate influence upon it, it becomes our duty to see that a proper direction is given to it. While the keeping of the public revenue in a separate and independent Treasury, and of collecting it in gold and silver, will have a salutary influence on the system of paper credit, with which all banks are connected, and thus aid those that are sound and well managed, it will, at the same time, sensibly check such as are otherwise, by at once withholding the means of extravagance afforded by the public funds, and restraining them from excessive issues of notes, which they would be constantly called upon to redeem.

I am aware it has been urged that this control may be best attained and exerted by means of a National Bank. The constitutional objections, which I am well known to entertain would prevent me in any event from proposing or assenting to that remedy, but, in addition to this, I cannot, after past experience, bring myself to think that it can any longer be extensively regarded as effective for such a purpose. The history of the late National Bank, through all its mutations shows that it was not so. On the contrary it may, after a careful consideration of the subject, be, I think, safely stated that at every period of banking excess, it took the lead; that in 1817 and '18, in 1823, in 1831 and 1831, its vast expansions, followed by distressing contractions led to those of the State institutions. It swelled and maddened the ideas of the banking system, but seldom allowed or safely directed them. At a few periods was a salutary control exercised, but an eager desire, on the contrary, exhibited for its measures were severe towards other institutions, it was because its own safety compelled it to admit them. It did not differ from them in principle or in form; its measure emanated from the same spirit of gain; it felt the same temptation to over-issue; it suffered from, and was totally unable to avert those inevitable laws of trade, by which it was itself affected equally with them; and at least on one occasion, at an early day, it was saved only by extraordinary exertions, from the same fate that attended the weaker institution it professed to supervise.—In 1837, it failed equally with others, in redeeming its notes, though the two years allowed by its charter, for that purpose, had not expired, a large amount of which remains in the present time outstanding. It is true, that having so vast a capital, and strengthened by the use of all the revenues of the Government, it possessed more power, but while it was itself, by that circumstance freed from the control which all banks require, its paramount object and inducement were left the same—to make the most for its stockholders, not to regulate the currency of the country. Nor has it, as far as we are advised, been found to be greatly otherwise elsewhere.

The national character given to the bank of England, has not prevented excessive fluctuations in their currency, and it proved unable to keep off a suspension of specie payments, which lasted for nearly a quarter of a century. And why should we expect it to be otherwise? A national institution though deriving its charter from a different source than the State banks is yet constituted in the same principles, is conducted by men equally exposed to temptation, and liable to the same disasters; with the additional disadvantage, that its magnitude occasions an extent of confusion and distress which the mismanagement of smaller institutions could not be produced. It can scarcely be doubted that the recent suspension of the U. States Bank of Pennsylvania, of which the officers are not felt in that State alone, but over half the Union—had its origin in a course of business commenced while it was a national institution; and there is no good reason for supposing that the same consequences would not have followed, had it still derived its power from the General Government. It is in vain, when the influences and impulses are the same, to look for a difference in conduct or results.—By such excuses, we do therefore but increase the mass of paper credit and paper currency, without checking their attendant evils and fluctuations. The extent of power and the effect of organization which we give, so far from being beneficial, are in practice positively injurious. They strengthen the chain of dependence throughout the Union, subject all parts more certainly to common disaster, and bind every bank more effectually in the first instance to those of our commercial cities, and, in the end, to a foreign power. In a word, I cannot but believe that with the full understanding of the operations of our banking system, which experience has produced, public sentiment is not less opposed to the creation of a national bank for purposes connected with currency and commerce, than for those connected with the fiscal operations of the Government.

Yet the commerce and currency of the country are suffering evils from the operations of the State banks which cannot and ought not to be overlooked. By their means, we have been flooded with a depreciated paper, which was evidently the design of the framers of the Constitution to prevent, when they require Congress to coin money and regulate the value of foreign coins, and when they forbid the States "to coin money, emit bills of credit, make any thing but gold and silver a tender in payment of debts," or "pass any law impairing the obligation of contracts." If they did not guard more explicitly against the present state of things, it was because they could not have anticipated that the few banks then existing were to swell to an extent which would expel to so great a degree the gold and silver, for which they had provided, from the channels of circulation and fill them with a currency that defeats the objects they had in view. The remedy for this must chiefly rest with the States from whose legislation it has sprung. No good had might accrue in a particular case from the exercise of powers, not obviously conferred on the General Government, would authorize its interference, or justify a course that might,

in the slightest degree, increase, at the expense of the States, the power of the Federal authorities; nor do I doubt that the States will apply the remedy. Within the last few years events have appeared to the nation so strongly to be remedied. They have seen that the Constitution, though theoretically adhered to, is subverted in practice; that while on the statute books there is no legal tender but gold and silver, no law impairing the obligations of contracts, yet that in point of fact, the privileges conferred on banking corporations have made it in effect the currency of the country; that the obligations imposed by these notes are violated under the impulse of interest or convenience; and that the number and power of the persons connected with these corporations, or placed under their influence, give them a fearful weight when their interest is in opposition to the spirit of the Constitution and laws. To the people it is immaterial whether these results are produced by open violations of the latter, or by the workings of a system of which the result is the same. An inflexible execution even of the existing statutes of most of the States would redress many evils now endured; would effectually show the banks the dangers of mismanagement which in impunity encourages them to repeat; and would teach all corporations the useful lesson that they are the subjects of the law and the servants of the People. What is still wanting to effect these objects must be sought in additional legislation; or if that be inconceivable, in such further constitutional grants or restrictions as may bring us back into the path from which we have so widely wandered.

In the mean time, it is the duty of the General Government to co-operate with the States, by a wise exercise of its constitutional powers, and the enforcement of its existing laws. The extent to which it may do so by further enactments, I have already adverted to, and the wisdom of Congress may yet enlarge them.—But, above all, it is incumbent on us to hold erect the principles of morality, and law, consistently extending our own contracts in accordance with the provisions of the Constitution, and thus serving as a rallying point by which our whole country may be brought back to that safe and honorable standard.

Our people will not long be inensible to the extent of the burdens entailed upon them by the false system that has been operating in their sanguine, energetic, and industrious character; and to the means necessary to extricate themselves from these embarrassments. The weight which presses upon a large portion of the People and the States is an enormous debt, foreign and domestic. The foreign debt of our States, corporations, and men of business, can scarcely be less than two hundred millions of dollars, requiring more than ten millions of dollars a year to pay the interest. This sum has to be paid out of the exports of the country and must of every year cut off imports to that extent, or plunge the country more deeply in debt from year to year. It is easy to see that the increase of this foreign debt must augment the annual demand on the exports to pay its interest, and in proportion to the enlargement of the foreign debt, and the consequent increase of interest, must be the decrease of the import trade. In lieu of the comforts which it now brings us, we might have our gigantic banking institutions, and splendid, but in many instances, profuse, rail roads and canals absorbing to a great extent in interest upon the capital borrowed to construct them, the surplus fruits of national industry for years to come, and securing for posterity no adequate return for the comforts which the labors of their hands might otherwise have secured. It is not by the increase of this debt that relief is to be sought, but in its diminution. Upon this point, there is, I am happy to say, hope before us; not so much in the return of confidence abroad, which will enable the States to borrow more money, as in a change of public feeling at home, which prompts our people to pause in their career, and think of the means by which debts are to be paid before they are contracted.

If we would escape embarrassment, public and private, we must cease to run in debt, except for objects of necessity, or such as will yield a certain return. Let the faith of the States, corporations and individuals, already pledged, be kept with the most punctilious regard. It is due to our national character, as well as to justice, this should on the part of each be a fixed principle of conduct. But it behooves us all to be more chary in pledging it hereafter. By ceasing to run in debt, and applying the surplus of our crops and incomes to the discharge of existing obligations, buying less and selling more, and managing all affairs, public and private, with strict economy and frugality, we shall see our country soon recover from a temporary depression, arising not from natural and permanent causes, but from those I have enumerated, and advance with renewed vigor in her career of prosperity.

Unfortunately for us, at this moment when the balance of trade is greatly against us, and the difficulty of meeting it enhanced by the disturbed state of our money affairs, the bonities of Providence have come to relieve us from the consequences of past errors. A faithful application of the immutable results of the labors of the last session will afford partial relief for the present, and persevere in the same course will, in due season, accomplish the rest. We have had full experience, in past times, of the extraordinary results which can, in this respect be brought about in a short period, by the united and well directed efforts of a community like ours. Our surplus profits, the energy and industry of our population, and the wonderful advances which I have seen have been wrested upon our country in its climate, its various productions indispensable to other nations, will, in due time, afford abundant means to perfect the most useful of these objects, for which the States have been plunging themselves of late in embarrassments and debt without incurring on ourselves or our children such fearful burdens.

But let it be indelibly engraven on our minds that relief is not to be found in expedients. In debt we cannot be lessened by borrowing more money, or by changing the form of the debt. The balance of trade is not to be turned in our favor by creating new demands upon us abroad. Our currency cannot be improved by the creating of new banks, or more issues from those than now exist. Although these devices sometimes appear to give temporary relief, they almost invariably aggravate the evil in the end. It is only by retrenchment and reform, by curtailing public and private expenditures, by paying our debts, and by reforming our banking system, that we are to expect effectual relief, security for the future, and an enduring prosperity. In shaping the institutions and policy of the General Government so as to promote, as far as it can with its limited powers, the important ends, you may rely on my most cordial co-operation.

That there should have been, in the progress of recent events, doubts in many quarters, and in some a heated opposition to every change, cannot surprise us. Doubts are properly attendant on all reform, and it is peculiarly in the nature of such abuses as we are encountering, to seek to perpetuate their power by means of the influence they have been permitted to acquire. It is their result, if not their object, to gain for the few an ascendancy over the many, by securing to them a monopoly of the currency, the medium through which the most of the wants of mankind are supplied—to produce throughout society a chain of dependence which leads all else to look to privileged associations for the means of speculation and extravagance—to nourish, in preference to the manly virtues that give dignity to human nature, a craving desire for luxurious enjoyment and sudden wealth, which renders those who seek them dependent on those who supply them—to substitute for republican simplicity and economical habits a rickety appetite for effemin-